

# U.S. BUREAU OF ECONOMIC ANALYSIS

## DEFINITIONS

**Average Wage Per Job:** the employment estimates used to compute the average wage are a job, not person, count. People holding more than one job are counted in the employment estimates for each job they hold.

**Constant Dollars:** amounts which are stated in values of a specific base year and thus are not affected by the change in purchasing power of the dollar; derived by adjusting regular (current) dollar data for inflation. Constant dollars illustrate the effect of changes in quantity over time; i.e. the physical volume of economic activity.

**Current Dollars:** amounts which reflect the actual income or value of goods and services each year and are not benchmarked to a specific base year. Current dollars demonstrate the combined effect of changes in quantity and value over time; i.e., the dollar value of economic activity.

**Earnings by Place of Work:** this aggregate is the sum of three components of personal income—wage and salary disbursements, other labor income, and proprietors' income. BEA presents earnings because it can be used in the analyses of regional economies as a proxy for the income that is generated from participation in current production. "Net earnings" is the measure calculated as earnings less personal contributions for social insurance. Net earnings is used in the presentation of State and local area personal income as the sum of net earnings, transfer payments, and personal dividend income, personal interest income, and rental income of persons.

**Employment:** the BEA employment series for States and local areas comprises estimates of the number of jobs, full-time plus part time, by place of work. Full-time and part-time jobs are counted at equal weight. Employees, sole proprietors, and active partners are included, but unpaid family workers and volunteers are not included.

**Employment, Total:** full-time and part-time employment (jobs) for all industries by place of work.

**Employment, Wage and Salary:** full-time and part-time employment in which the jobholders (including corporate officers) receive monetary remuneration, commissions, tips and bonuses, and payment-in-kind which represents income. The source data for BEA's wage and salary employment estimates are mainly from the ES-202 series of the Bureau of Labor Statistics.

**ES-202:** the source data series from the administration of the State unemployment insurance system originating from employers' quarterly contributions reports filed with the State employment security agencies. The data, which are provided to BEA by the Bureau of Labor Statistics, include quarterly number of establishments and wage and salary disbursements and monthly employment by county and industry.

**Imputation:** the imputations place a market value on certain transactions that do not occur in the market economy or that are not observable in its records. They are included in personal income and in other NIPA aggregates in most cases to keep the NIPA aggregates invariant to how certain activities are carried out.

**Income, Disposable Personal:** disposable personal income is personal income less personal tax and nontax payments. It is personal income that is available for spending and saving.

**Income, Farm:** sum of proprietors' net farm income, wages of hired farm labor, pay-in-kind of hired farm labor, and salaries of corporate farm officers.

**Income, Per Capita Personal:** mean (average) income computed for every man, woman and child in a particular group. It is derived by dividing the total income of a particular group by the total population in that group. Per capita personal income is often used as an indicator of the character of consumer markets and of the economic well-being of the residents of an area.

**Income, Total Personal:** the income received by or on behalf of all the residents of a given area from all sources. This includes income received from participation in production (labor income), from transfer payments from government and business, and from government interest (which is treated like a transfer payment). Personal income is measured before the deduction of personal income taxes and other personal taxes, and is reported in current dollars. Total personal income is the sum of the following -- wage and salary disbursements, other labor income, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and transfer payments -- less personal contributions for social insurance. For counting income, "persons" are defined as individuals, non-profit institutions, private noninsured welfare funds, and private trust funds (the last three are referred to as "quasi-individuals"). Proprietors' income is treated in its entirety as received by individuals. Life insurance carriers and private noninsured pension funds are not counted as persons, but

their savings are credited to persons. Personal income differs from "money income", which is the measure of income used by the Bureau of the Census. (Definitions of inventory valuation, capital consumption adjustments etc., are available on BEA's State Personal Income CD.)

**Net Labor Earnings:** this aggregate is the sum of wage and salary disbursements and other labor income less personal contributions for social insurance by employees. This measure and a slightly modified version—termed "income subject to adjustment"—are used in the residence adjustment procedure for both the annual and the quarterly estimates of State personal income and for the annual county estimates.

**Other Labor Income:** this component of personal income consists of employer payments to private and government employee retirement plans, private group health and life insurance plans, privately administered workers' compensation plans, and supplemental unemployment benefit plans; and of several other minor categories, including judicial fees to jurors and witnesses, compensation of prison inmates, and marriage fees to justices of the peace.

**Personal Tax and Nontax Payments:** personal tax and nontax payments is tax payments (net of refunds) by persons that are not chargeable to business expense and certain other payments that are made by persons to government agencies (except government enterprises) that are treated like taxes. Personal taxes includes taxes on income, including realized net capital gains, and on personal property. Nontaxes includes donations and fees, fines, and forfeitures. Personal contributions for social insurance is not included. Personal tax and nontax payments is used in the derivation of disposable personal income, which is calculated as personal income less personal tax and nontax payments.

**Proprietors:** full-time and part-time self-employment in which the income is the monetary income and income-in-kind of proprietorships and partnerships, including producers' cooperatives.

**Residence Adjustment:** the residence adjustment is the net inflow of the net labor earnings of inter-area commuters.

**Seasonal Adjustment:** the quarterly estimates of State personal income are adjusted, where appropriate, to remove from the time series of the source data the average effect of variations that normally occur at about the same time and in about the same magnitude each year—for example, weather and holidays. After seasonal adjustment, cyclical and other short-term changes in the economy stand out more clearly. For the income components for which no State-level quarterly source data are available, the quarterly series are estimated from the trend in the annual State estimates, and the resulting estimates are on a seasonally adjusted basis.

**Transfer Payments:** income payments, generally in monetary form, by governments and business to persons and nonprofit institutions, for which the recipients do not render current services. The major categories of transfer payments are retirement, disability and health insurance benefits; unemployment insurance payments; educational and training assistance payments; income maintenance payments; other payments to individual civilians; government payments to retired military personnel, veterans and their dependents; payments to nonprofit institutions; and business transfers to individuals.

**Wage and Salary Disbursements:** these estimates are on a place-of-work basis. Wage and salary disbursements is measured before deductions, such as social security contributions and union dues, and it reflects the amount of wages and salaries disbursed, but not necessarily earned, during the period. Wage and salary disbursements consists of the remuneration of employees and includes the compensation of corporate officers, commissions, tips, bonuses, and pay-in-kind. The principal source data for the State estimates of wage and salary disbursements are from the ES-202 series provided by the Bureau of Labor Statistics.

**Wage and Salary Employment:** see Employment, Wage & Salary

Sources: Bureau of Economic Analysis, U.S. Dept. of Commerce. State Data Center, North Carolina Office of State Budget and Management.

Census and Economic Information Center, Montana Department of Commerce. January 2001